

# **Senate File 349 - Introduced**

SENATE FILE 349  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1127)

## **A BILL FOR**

1 An Act relating to the calculation of finance charges for  
2 consumer loans pursuant to open-end credit.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 537.2402, Code 2021, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 3. As an alternative to the charge  
4 authorized by subsection 2, and not in addition to the charge  
5 authorized by subsection 2, for each billing cycle a charge may  
6 be made which is the sum of the charges determined by applying  
7 a percentage to the actual balance of the open-end account on  
8 each day in the billing cycle for which the charge is made. The  
9 actual balance on a day is determined by adding to the unpaid  
10 balance, if any, as of the beginning of that day all purchases  
11 and other debits and deducting all payments and other credits  
12 made or received as of that day.

13 EXPLANATION

14 The inclusion of this explanation does not constitute agreement with  
15 the explanation's substance by the members of the general assembly.

16 This bill relates to the calculation of finance charges for  
17 consumer loans pursuant to open-end credit.

18 A consumer loan made pursuant to open-end credit is  
19 considered a supervised loan if the finance charge associated  
20 with the consumer loan exceeds the finance charge permitted  
21 in Code chapter 535. Current law allows creditors that  
22 are authorized to make supervised loans to contract for and  
23 receive finance charges with respect to a loan pursuant to  
24 open-end credit. Pursuant to the Iowa consumer credit code,  
25 the amount of that finance charge may not exceed the greater  
26 of the average daily balance of the open-end account in the  
27 billing cycle for which the charge is made (average daily  
28 balance limitation); the balance of the open-end account at  
29 the beginning of the first day of the billing cycle (first day  
30 of billing cycle limitation); or the median amount within a  
31 specified range including the balance of the open-end account  
32 not exceeding that permitted by the average daily balance  
33 limitation or the first day of billing cycle limitation (median  
34 amount limitation).

35 The bill adds that, as an alternative to the average daily

1 balance limitation, the first day of billing cycle limitation,  
2 and the median amount limitation, for each billing cycle a  
3 charge may be made which is the sum of the charges determined  
4 by applying a percentage to the actual balance of the open-end  
5 account on each day in the billing cycle for which the charge  
6 is made. The bill establishes that the actual balance on  
7 a day is determined by adding to the unpaid balance as of  
8 the beginning of that day all purchases and other debits and  
9 deducting all payments and other credits made or received as  
10 of that day.